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Copy 9 of 9

2 July 1962

NRO REVIEW COMPLETED

MEMORANDUM FOR THE RECORD

SUBJECT : Conversations Week of 25 June 1962 with Mr. Clarence L. Johnson, Lockheed Aircraft Corporation, Regarding Procurement of Second Constellation Type Aircraft

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1. As the outgrowth of a number of conversations on the subject of a second aircraft [redacted] Mr. Johnson called early in the week of 25 June to propose the sale to us of a 1049G series Constellation aircraft owned by the California Division, who had apparently taken it in trade from [redacted]

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2. Mr. Johnson said that the aircraft was for sale to us at a total price of [redacted] which he said compared extremely favorably with the current market for aircraft in the good condition this one is. The aircraft was described as having 6,500 hours total airframe time with 1,331 hours since the last major structural overhaul. There are 8,000 hours remaining on the aircraft until its next major SOH. All four propellers have been recently overhauled, and the engines mounted on the aircraft have the following hours since overhaul: 660, 660, 748, and 000. In addition to these four engines, the purchase price includes one power pack and one bare engine. There is a full airline radio configuration.

3. Prior to approving this sale, I asked Mr. Johnson to investigate the possibilities of a lease [redacted] (per month) with option to buy, on the theory that this might be a more economical way of dealing with the question. He called me the next day to state that he had investigated this with Mr. [redacted] who said that under such a scheme the purchase price would have to be increased to [redacted] and that only eight-five percent of our monthly lease figure could be credited to the eventual purchase of the aircraft if the option were exercised.

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4. After discussions with Mr. Parangosky, I sent a cable [redacted] 8114, dated 29 June), authorizing Mr. Johnson to procure the aircraft from FY 1963 funds. I have also asked [redacted] to conduct an inspection of the aircraft at the time of his next visit to California on behalf of the Government, at

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which time he will bring back pertinent aircraft documents including tech orders and a Dash One as well as a listing of all components on the plane. According to present indications, Mr. Johnson feels that the second aircraft will be required on or about 1 August 1962.

JAMES A. CUNNINGHAM, JR.
Acting Assistant Director
(Special Activities)

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OSA:JACunningham, Jr./mg